

Message Text

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TO AMEMBASSY MANILA PRIORITY

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, RP

SUBJECT: NEW TEXTILE AGREEMENT

REF: A) MANILA 10224 B) MANILA 10081 C) MANILA 10809

GENEVA FOR PHELAN

1. TRADITIONAL TRADE WITH PHILIPPINES (REF A) BASED ON
SUPPLY OF RAW MATERIALS BY U.S. FIRMS FOR MANUFACTURE IN
PHILIPPINES AND RETURN TO U.S. FIRMS. AS ORIGINALLY
ESTABLISHED, FIRMS PROVIDED U.S. FABRIC FOR PROCESSING IN
PHILIPPINES AND RETURN IN FORM OF INFANTS GARMENTS.

2. USG AGREES WITH EMBROIDERY BOARD POLICY REQUIRING THAT
RAW MATERIALS BE SUPPLIED ONLY BY U.S. - BASED COMPANIES
FOR PROCESSING AND RETURN TO U.S. GUAM BASED COMPANY
ACTING AS INTERMEDIARY FOR FOREIGN INVESTORS REPRESENTS
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DEPARTURE FROM ORIGINAL CONCEPT OF "TRADITIONAL TRADE" AND

SHOULD BE DISCOURAGED. QUOTA RUNAWAYS REPRESENTED BY SUCH TRANSACTIONS ARE NOT WITHIN PURVIEW OF SPECIAL TREATMENT AFFORDED TRADITIONAL TRADE ITEMS IN AGREEMENT.

3. SPECIFIC PROBLEM INVOLVING NON-TRADITIONAL EXPORTS IN CATEGORY 223 (REF B) SUBSTANTIATED IN DISCUSSIONS WITH CHELSEA LINGERIE, INC. U.S. WILL GIVE FAVORABLE CONSIDERATION IF GOP WISHES TO REQUEST TRANSFER OF PART OR ALL OF CATEGORY 223 TO NON-TRADITIONAL CONSULTATION CATEGORIES, WITH APPROPRIATE TRANSFER OF YARDAGE FROM TRADITIONAL GROUP LIMIT TO NON-TRADITIONAL GROUP LIMIT. ADJUSTMENT NECESSARY IF EMBROIDERY AND APPAREL ASSOCIATION SUGGESTED PROPOSAL ACCEPTED (I.E., TRANSFER OF 250,000 DOZEN TO NON-TRADITIONAL) WOULD BE DEDUCTION OF 3.4 MILLION SYE FROM GROUP I AND ADDITION OF SAME QUANTITY TO GROUP II.

-- PARAGRAPH 3 AGREEMENT WOULD READ AS FOLLOWS:

-- GROUP I 113,600,000 SYE
-- GROUP II 75,400,000 SYE

-- ANNEX A WOULD READ AS FOLLOWS (FOR CATEGORY 223):

-- TRADITIONAL CATEGORIES
-- 223 (PART) 50,000 DOZ
-- NON-TRADITIONAL CATEGORIES
-- 223 (PART) 250,000 DOZ

TRANSFER OF ALL OF CATEGORY 223 TO NON-TRADITIONAL WOULD RESULT IN SHIFT OF 4 MILLION SYE FROM GROUP I TO GROUP II.

4. U.S. HAS NO RECORD OF IMPORTS IN CATEGORY 42 APPROACHING LEVELS MENTIONED PARAGRAPH 5, REF B. EXAMINATION OF OTHER COTTON CATEGORIES (WHERE POSSIBLE CLASSIFICATION PROBLEMS COULD OCCUR) ALSO INDICATE NO POSSIBILITY OF SHIPMENTS OF SUCH MAGNITUDE. CLAIM BY PHILIPPINE EXPORTER OBVIOUSLY INFLATED.

5. DOCUMENTS RECEIVED BY GAREL ON SHIPMENTS IN CATEGORY LIMITED OFFICIAL USE

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218 REVEAL SERIOUS MISCLASSIFICATIONS. NEARLY ALL SHIPMENTS SHOULD BE CLASSIFIED IN CATEGORY 210 "OTHER KNIT SHIRTS AND BLOUSES". NO INFORMATION RECEIVED IN SUPPORT OF CLAIMED SHIPMENTS IN CATEGORY 238 "WOVEN TROUSERS, SLACKS AND SHORTS". REVIEW OF U.S. IMPORT DATA DOES NOT JUSTIFY MORE THAN MINIMUM CONSULTATION LEVEL FOR THIS CATEGORY.

6. ADVICE NEEDED ASAP ON OFFICIAL GOP PROPOSAL FOR CATEGORY 223. INFORMATION ON CLAIMED CATEGORY 238 SHIPMENTS NEEDED FOR REVIEW, IF GOP WISHES TO PURSUE ISSUE.

7. E. A. LIPSCOMB PREPARED TO ARRIVE MANILA AUGUST 31 TO BEGIN TECHNICAL DISCUSSIONS ON SEPTEMBER 1 OR 2. HE IS PREPARED TO HELP WITH ANY ADMINISTRATIVE PROBLEMS ASSOCIATED WITH AGREEMENT THAT GOP WISHES. GOP SHOULD GATHER AS MANY SAMPLES AS POSSIBLE FOR CLASSIFICATION SESSIONS. PLEASE ADVISE SOONEST IF SUGGESTED DATE ACCEPTABLE.

8. REGARDING POSSIBLE U.S. FUNDING FOR PHILIPPINE PARTICIPANTS IN U.S. TRAINING PROGRAM, FOR AID TO CONSIDER PAYING US COSTS FOR TRAINEES, FORMAL PROPOSAL WOULD BE REQUIRED FROM AID MISSION-MANILA, RECOMMENDING SUCH EXPENDITURES UNDER GENERAL PARTICIPANT TRAINING PROGRAM.

9. EXPENDITURE WOULD INVOLVE FIVE DAYS' PER DIEM PER PARTICIPANT. IT IS OUR UNDERSTANDING THAT GOP WILL FUND TRAVEL FOR PARTICIPANTS, INCLUDING PORTIONS WITHIN U.S. KISSINGER

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